REMARKS

This amendment is resubmitted in response to a Notice of Non-Compliant Amendment mailed February 8, 2007 indicating that previously presented claim 34 is a dependent claim of withdrawn claim 31. Claim 34 has been amended to be dependent upon claim 26, and this Amendment is resubmitted for consideration.

Further consideration of this application is respectfully requested. Claims 19-21, 24, 26, 27, 34, 36, 37 and 38 are presented for further examination.

This Amendment is submitted in response to the Final Rejection dated November 16, 2006. In that action, the Examiner rejected claims 19-21, 24, 26, 27, 34 and 36 under 35 U.S.C. § 103(a) as unpatentable over "FairMarket" in view of "Giovannoli" (U.S. Patent Application Publication Number 2006/0015413A1) ("Giovannoli Publication"). The Giovannoli Publication is not a proper reference. The Giovannoli Publication date is January 19, 2006. Under 35 U.S.C. § 102(e), the invention must be described in an application for patent that was published before the invention by Applicant. The publication date of the Giovannoli reference, as pointed out above, is January 19, 2006. The filing date of Applicant's invention is December 18, 2000, and claims priority to a provisional application dated December 17, 1999. Perhaps the Examiner intended to base the rejection on U.S. Patent 5,758,328 (the "Giovannoli Patent") that has an effective filing date of February 22, 1996. The Giovannoli Publication is an application that is a continuation of the Giovannoli Patent. However, the Giovannoli Publication is not a proper reference, since the publication date, which is the only date that can be used by the Giovannoli Publication, is January 19, 2006, since the Giovannoli Publication is not an issued patent. For these reasons, the Examiner may wish to withdraw the final rejection dated November 16, 2006, since the rejection under 35 U.S.C. § 103(a) is based upon the Giovannoli Publication, which is not a proper reference.

In that regard, Applicant has made minor amendments to claims 19, 36, 37 and 38 to ensure proper antecedent basis. Further, the withdrawn claims have been cancelled without prejudice. This Amendment should be entered if a new final rejection is entered by the Examiner based upon the Giovannoli Patent.

Otherwise, this Amendment places this application in better condition for appeal and should be entered, in any event, for that reason, even though this Amendment is filed after final rejection.

With reference to the rejection of claims 19-21, 24, 26-27 and 36-38 under 35 U.S.C. § 103(a) as being unpatentable over FairMarket in view of Giovannoli, Applicant will address its remarks and arguments based upon the Giovannoli Patent, which appears to be the same as the Giovannoli Publication, on which the rejection was based in the Final Office Action.

FairMarket discloses an online auction in which vendors, "normally OEMs, and distributors, anomalously list excessive inventory for sale." Buyers can bid on the listed inventory, and the highest bidder wins at the end of the daily auction. FairMarket "charges a nominal fee for sellers for the use of the service." FairMarket eliminates the middleman such as brokers in selling excess inventory. The FairMarket "online auctions eliminate the middleman, who normally has a stake in the product sold...." "Informed sellers may get better deals than from brokers because they buy in large quantities and do not pay fees to middlemen."

The FairMarket reference is similar to Odom et al. which was previously cited showing an auction system. Auction systems do not meet the limitations of claim 19 or claim 38 because the price, by definition, is not specified in the auction. In an auction system, sellers do not list the price of the item, as set in forth Applicant's claim 19. For example, claim 19 recites "automatically calculating a fixed sales price from said fixed price specified by said distributors in said computer system...automatically generating entries in said computer business system that include said fixed sales price..." FairMarket does not disclose a "fixed sales price." The FairMarket system is an auction system. Auctions, by definition, do not have a fixed sales price. The Examiner argued that FairMarket discloses a minimum price that is set by the seller/distributor and that this constitutes a "set price." In an auction, the minimum price is not a "set price." In an auction, potential buyers bid against one another until a price is reached. The minimum price is merely a floor at which bidding starts. It is not a set price. Again, by definition, an auction does not have set prices for items.

In that regard, Applicant's claims state "making said listings of said goods available to said purchasers on said electronic blind supply open commerce computer business system through a network connection to allow said purchasers to purchase said goods at said fixed sales price over said network without bidding in an auction." Both claims 19 and 38 specifically exclude auctions from the claimed subject matter. Again,

FairMarket is an auction in which buyers can bid on the listed inventory, and the highest bidder wins at the end of the daily auction. The independent claims of this application specifically exclude auctions.

Further, as pointed out above, Applicant's claims recite "automatically calculating a fixed sales price from the price specified by said sellers …." FairMarket does not disclose calculating any type of price. The price in FairMarket is set and is not dependent on the price at which the goods sell. FairMarket charges a service charge for selling the goods. This price is not calculated from any particular price, such as the price specified by the buyer as set forth in Applicant's claims, but is merely a service charge that is preset. There is no disclosure, or suggestion of calculating a service fee, especially one that is based upon the sales price.

Further, both claims 19 and 38 recite "automatically calculating a fixed sales price from said price specified by said sellers in said blind supply system." In the FairMarket system, prices are not specified by the seller/distributor. The seller/distributor simply places the goods for sale on the FairMarket system for bidding in an auction. As the Examiner points out, the seller/distributor may set a minimum price, but that price is subject to change in the auction and hence is not a "set price," as recited in Applicant's claims. To argue that a minimum price, that is subject to change in an auction, is a "set price" is without merit.

Giovannoli discloses a computerized quotation system. The Giovannoli system processes requests for quotations for goods and/or services by broadcasting such requests to network members of a computerized system over the Internet. The advantage that Giovannoli claims, which is unlike the present invention, is that Giovannoli does not use a central database of goods, prices, etc. Instead, buyers formulate requests for quotation and transmit these requests to the computerized network, which broadcasts the requests for quotation of specified standard products to prospective sellers that are selected using filtering conditions. The sellers' responses are communicated back to the prospective buyer over the Internet or other communications networks. The Giovannoli system is a computer based communications network of network members for linking buyers and suppliers. The system stores the identification of the network members, i.e., both the suppliers (vendors) and the buyers. The Giovannoli system allows buyers to purchase

items over the Internet by accessing multiple vendors. The buyer provides a request for a quote.

The combination of FairMarket and the Giovannoli Patent is improper, since the basic operating principles of the references would necessarily have to be altered to make such a combination. FairMarket is an auction system. Giovannoli is a request for quote system. These two systems operate on completely different principles. For example, if the vendors in FairMarket place their goods in the FairMarket auction system at a specified price, that would defeat the entire purpose of the FairMarket system. There is no disclosure or suggestion, whatsoever, of using fixed prices in FairMarket, as is disclosed in Giovannoli.

The test for obviousness under 35 U.S.C. § 103 is whether the claimed invention would have been obvious to those skilled in the art in light of the knowledge made available by the references. *In re Donovan*, 184 USPQ 414, 420 n.3 (CCPA 1975). It requires consideration of the entirety of the disclosure of the references. *In re Rinehart*, 189 USPQ 143, 146 (CCPA 1976). All limitations of Applicant's claims must be considered. *In re Boe*, 184 USPQ 38, 40 (CCPA 1974). In making a determination as to obviousness, the references must be read without the benefit of Applicant's teachings. *In re Meng*, 181 USPQ 94, 97 (CCPA 1974).

The basic mandate inherent in § 103 is that a piecemeal reconstruction of prior art patents shall not be the basis for a holding of obviousness. It is impermissible within the framework of § 103 to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art. *In re Kamm*, 172 USPQ 298, 301-302 (CCPA 1972).

It is also clearly established in the case law that a change in the mode of operation of a device which renders that device inoperative for its stated utility, as set forth in the cited reference, renders the reference improper for use to support an obviousness-type rejection predicated on such a change. *Diamond International Corp. v. Walter Hoefer*, 289 Fed. Supp. 550, 159 USPQ 452, 460-461 (D.Md.1968); *Ex parte Weber*, 154 USPQ 491, 492 (Bd.App. 1967). In addition, any attempt to combine the teachings of one reference with that of another in such a manner as to render the invention of the first

reference inoperative is not permissible. *Ex parte Hartmann*, 186 USPQ 366 (Bd.App. 1974); and *Ex parte Sternau*, 155 USPQ 733 (Bd.App. 1967).

Such is the case in the present application. FairMarket would be rendered inoperable for its intended purpose if fixed prices were used in the FairMarket system as suggested by the Examiner and taught by Giovannoli. By definition, an auction system cannot operate as an auction system, which is disclosed in FairMarket, if set prices for the goods are used. Likewise, if Giovannoli was modified by the teachings of FairMarket so that fixed prices were not used in the Giovannoli system, the Giovannoli system would not operate in accordance with its intended purpose, i.e., providing a request for quote system that allows the user to obtain a price from multiple vendors.

Further, Applicant's claims have specifically specified that Applicant's claimed invention is limited to a process that does not including bidding in an auction. In this manner, FairMarket is a direct teaching away from Applicant's invention, since FairMarket requires bidding in an auction. Since the teachings of FairMarket are limited to auction systems, the teachings of FairMarket would deter investigation into systems that use fixed prices. Such was the case in *United States v. Adams*, 383 U.S. 39, 148 USPQ 479 (1966), decided with *Graham v. John Deere*, 383 U.S. 1, 148 USPQ 459 (1966), wherein the court found that the teachings of the prior art deterred investigation into the inventive combination found by *Adams*. This "teaching away" from the invention by the prior art was found to be clear evidence of non-obviousness of the *Adams* invention.

For these reasons, claims 19 and 38 are considered to be allowable over the art of record, as well as the Giovannoli Patent. The claims dependent on these independent

claims are considered to be allowable for the same reasons as set forth above. Allowance of this application is therefore earnestly solicited.

Dated this 13th day of February, 2007.

Respectfully submitted,

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